

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE - PANEL**

**Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
December 3, 2009
10:00 AM**

Draft Minutes

MEMBERS PRESENT

Phil Lovell, Chair, Turner Construction NW
Tom Balbo, Ferguson Construction, Inc.
Tom Peterson, Hoffman Construction Co. of WA
Don Gilmore, Seattle Public Schools

Bill Kemble, WA State Bldg & Const Trades Org
Paul Berry, Harris & Associates
Rick Benner, Western Washington University
Keith Schreiber, Schreiber Starling & Lane Architects

STAFF, GUESTS, PRESENTERS

Graehm Wallace, Perkins Coie LLP
Gregory Brown, Spokane Public Schools
Ralph Rohwer, Heery International, Inc.
Roxann Robinson, Heery International, Inc.

Robyn Hofstad, Department of General Administration (GA)
Heidi Maki, Lydig Construction
Valerie Gow, Puget Sound Meeting Services

Welcome & Introductions

Chair Phil Lovell convened a panel of the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) at 10:01 a.m. Everyone present provided self-introductions.

Project Application Review for General Contractor/Construction Manager (GC/CM) – Spokane Public Schools, Ferris High School Improvements

(Panel Chair Tom Balbo, panel members Tom Peterson, Don Gilmore, Keith Schreiber, Bill Kemble, Paul Berry, Rick Benner, and Mark Scoccolo.)

Panel Chair Tom Balbo welcomed everyone and outlined the application review process. Panel members and guests provided self-introductions.

Ralph Rohwer, Vice President, Heery International, Inc. introduced the project team of Gregory Brown, Director of Capital Projects, Spokane Public Schools, and Graehm Wallace, Attorney, Perkins Coie LLP.

Mr. Brown reported Ferris High School was completed in 1963 with a square footage of 221,547 with 15,610 square feet of temporary buildings on the site. In 2007, a new athletic complex was added, which includes gyms and fitness facilities. The facility currently serves approximately 1,580 students. The campus includes 11 campus-style buildings. The project will replace 10 of the buildings with one integrated building. The existing performing arts building will remain and will be renovated with reconfigured parking.

Mr. Brown displayed an aerial photo of the 55-acre high school campus. The project plan is to connect the campus with one large building with the front facing the current location of tennis courts, which will be replaced with a student parking lot. With the exception of the athletic and performing arts buildings, all existing buildings will be replaced with one new building.

Mr. Brown reviewed a conceptual master plan for the site. The master plan was developed in 2004 as part of the project for constructing the athletic complex. All athletic fields and tennis courts will be relocated on the site.

Mr. Rohwer outlined the project schedule. Upon approval of the GC/CM application, the GC/CM process for selection will begin immediately and conclude by the end of February 2010. The schematic design is underway and the preliminary specs were recently completed. The schematic design process is scheduled for conclusion by the end of March or early April. If the GC/CM is selected by the end of February, the schematic design process will be approximately 50%-60% complete, which complies with the RCW for having the GC/CM involved prior to the completion of schematic design. The design would conclude by mid-April 2011. The objective is providing the GC/CM with documents that are 99% completed in mid-March 2011 to begin the Maximum Allowable Construction Cost (MACC) estimate and initiate negotiations. The intent is concluding the process by early May with buyout beginning in May 2011, with the process concluded by July 1, 2011 to utilize the summer months to the extent possible.

Mr. Rohwer referred the panel to the application packet for more details on the schedule.

Mr. Brown reviewed the project budget. The total project budget is \$91 million. The budget was adjusted downward from when the bond passed of over \$100 million for the project. When the budgeting was completed last year, the budget factored in some higher escalation in costs. With the downturn in the economy and reduction in prices, the budget was reduced by 10%. However, those funds will remain as part of the project budget until the project is completed. Any remaining funds may be used for other projects within the school district.

The actual construction costs including contingency is estimated to be \$77 million. Contract administration costs include testing and inspection, construction administration, teacher relocation, temporary housing, moving expenses, and any owner project management and overhead costs. Other related costs include building permits and associated costs for the project for a total project budget of \$91,150,332.

Mr. Brown reviewed why the project is suited for GC/CM. The site is fairly compact and the new building will be located on the existing campus with the campus occupied during construction. The school district has completed two other major high school projects under the GC/CM method that were occupied during construction involving multiple phases. The school district believes it has the necessary experience but believes a GC/CM is important to manage the project, manage the schedule and the risks, as well as the safety aspects. The district's highest priority is student safety followed by maintaining the academic schedule. The complex project involves new construction as well as renovation work. Renovation projects require planning as well as anticipating some unknowns. Having a GC/CM on board helping with design issues makes sense.

Mr. Rohwer said one of the major benefits of a GC/CM is the preconstruction services the contractor provides during the design phase to provide input. If the preconstruction process is well defined and everyone understands expectations, the benefit of having that additional perspective during the design phase is valuable to achieve the end goals of the project from an education standpoint, as well as, the budget and schedule. In this case, a number of buildings will be taken off line and demolished. During the design phase, the general contractor will have valuable information to provide the project team in terms of systems selection. During the Rogers High School project, one of the big components of the project was the gymnasium and athletic complex on the south side of the project. Having the GC/CM on board during the design phase enabled a number of assessments both from a schedule and budget standpoint to determine several construction options under a tight timeline during a time when construction costs were escalating. Having a GC/CM on board during the design

phase is important to the process in terms of consolidating a set of buildings into one large complex. Having an integrated team from the beginning is very important to the project. The district understands that importance, and more importantly, knows that in this particular project, having a contractor within a Design Bid Build (DBB) environment who is up-to-speed and hits the ground running to ensure all safety, mobilization, and logistical issues are coordinated, provides that opportunity by having a contractor who knows the priorities of the client while having those priorities reflected in the strategy as the project is developed from a general conditions standpoint. The district experienced that during the Shadle Park High School project, which was not an addition to an existing building, but a 1,500 student high school that involved gutting and rebuilding while the students attended school. Having the GC/CM help the district stage that progression was invaluable from the preconstruction stage as well as being partnered with the principal of the school in understanding the administration's concerns. Having that relationship already established was important.

For owners, it's a good time to purchase construction, but it's still during a recession. Regardless of the economic situation, the importance to the constituency is maximizing the dollar and ensuring there is value. Having a contractor work through the preconstruction service phase of the project ensures dollars are allocated to the appropriate category, such as minimizing logistics costs and ensuring funds are appropriately allocated to the facility without compromising safety and security during construction.

Reducing marketplace risks is another factor of importance. During this market, competition brings related risks. The GC/CM method minimizes risk. One of the benefits of a GC/CM is the requirement for bonding if bids are over \$300,000. Contracts to subs require a performance and payment bond for bids over \$300,000, as well. Bonding provides opportunities to protect those issues that could ultimately become owner risks. Another benefit of a GC/CM is the opportunity to prequalify major subcontractors, which is another way of minimizing risk.

Mr. Brown reviewed the qualifications of the project team.

Mr. Brown reported he is a licensed architect in the State of Washington, a LEEP AP, and the Director of Capital Projects for Spokane Public Schools. Mr. Brown said he's been with the district for six years but has 24 years in K-12 project management.

The district is nearing completion of its 2003 bond issue of \$225 million. The district successfully passed a \$288 million bond issue in March with state matching funds for a total of \$335 million for this phase of construction. The district has a 25-year plan to modernize or replace 15% of all school buildings in the next 25 years. The district is currently in phase 2 of the project.

Mr. Brown said he has project managers that work for him. As a hands-on director, he is involved in site meetings, contract negotiations, change order negotiations, and schedule changes. His team manages smaller projects under \$500,000. On larger projects or projects that have a public presence in the community, Mr. Brown said he's directly involved in those projects. He was involved in the Rogers and Shadle Park projects and has GC/CM experience. There have been no claims on any of the projects since he has been the Director of Capital Projects.

It's also important to release fair bid documents that are accurate and contracts that are fair. The district office works well with the contractor community during design and construction.

The Rogers project is substantially complete followed by the completion of the Shadle High School by spring 2010. There were good results in the buyout and for the Rogers project. The contractor returned \$2 million to the budget and for Shadle, the contractor met the guaranteed maximum price.

Dennis Cihak will be the construction manager on the project. He received a construction management degree from WSU and has 30 years of construction management experience and will assist Mr. Brown in the logistics as well as acting as the onsite contact for the project.

Mr. Rohwer explained that his role on the project is to be the pre-GC/CM preconstruction advisor to Mr. Brown. He said he works weekly on Rogers and Shadle Park projects and worked through preconstruction services and assisted the district during the construction phase. He said he's worked on school projects for 27 years and will be working on his eighth GC/CM project in Washington State. Steve McNutt is the principal in charge of NAC Architecture and is another hands-on individual involved in the high school projects. Mr. McNutt has much school experience and worked on several Washington State University (WSU) GC/CM projects. He's very knowledgeable both in school construction as well as working with GC/CMs.

Graehm Wallace said he's with Perkins Coie LLP and began with a small law firm 22 years ago in Seattle. He has over 35 years of project leadership and design for educational facilities. Mr. McNutt said he has been principal-in-charge of 11 major high school projects, of which two projects were through the GC/CM delivery method. The changes in 2007 have been beneficial. The PRC review process is the best part of the changes.

Mr. Brown reported the project team believes Ferris High School is not only qualified to be a GC/CM project, it is also an ideal project for GC/CM. The team is very well qualified and has demonstrated prior GC/CM successes and believes it has proven resources and controls in place. He welcomed questions from the panel.

Paul Berry asked the team to describe how the changes in law will apply to the project. Mr. Brown said one major change is sharing any GC/CM contingency savings with the contractor. On the last two projects, there was a 60/40 split. For instance at Rogers, it resulted in a \$2.3 contingency and approximately \$1 million will return to the school district. That is one of the major changes. There are some changes in the public hearing process and instead of having a public hearing; the hearing is before the PRC for approval to proceed.

Mr. Wallace said a number of changes include subcontractor preapproval, which is a substantial change. Arguably, whether it will be applicable, it is a change and provides a specific set of rules that everyone needs to follow. Mr. Wallace said while the law requires bonding requirements for major subcontractors or all subcontractors to have bonds on projects, he consistently encounters problems with a typical DBB project because inevitably, the bidders who bid on the project are not bondable. The law now states that bidders must be bondable. In this market environment, it's important that the major players on a project of this magnitude are viable and will remain so throughout the project because a general contractor can still go out of business if a major subcontractor goes out of business during a project. There are certainly reasons to approve GC/CM, Design Build, or Changes to Job Order Contracting. As far as the actual contracts, there are no major changes required to the contracts to ensure they adhere to the new rules.

Mr. Rohwer agreed with the elimination of the term "GMP" as a result of the legislation.

Mr. Brown said other definitions clarified in the legislation included the percentage completion of the MACC. The school district was already completing the MACC at 90% or higher. The GC/CM self performance is 30% now.

Mr. Wallace said one of the main and most important changes is the requirement that the GC/CM become involved and selected early in the process and that they not agree to a GMP or a MACC until 90% design documents are achieved. In the mid-2000s with the gross price escalation, some general contractors found

themselves in trouble by agreeing to a GMP early on. It's better not to commit until the design is nearly completed.

Bill Kemble said one of the major issues of attention is safety. He asked about the safety record of the contractors during the last two projects.

Mr. Brown said he is not aware of any safety issues specifically. However, during job meetings, there haven't been any major issues. Mr. Rohwer added that an evaluation is required quarterly. One of the issues in the evaluation is the safety record on the job site. To date through the evaluation process, the safety record has been outstanding. There have been some minor incidents, but in terms of overall safety, the record has been excellent.

Mr. Kemble asked whether the renovation project and new building project will occur simultaneously. Mr. Brown said it will be included within the same contract, which is one of the reasons the team believes it's important for the GC/CM to assist in developing the construction schedule. It will be difficult because students need the auditorium during the school year. It's likely some programs will need to be relocated off campus. That occurred with the Rogers High School project through relocation of the PE program off campus. With the Shadle Park project, some programs were located off campus as well.

Mr. Kemble asked about the intent to recycle materials. Mr. Brown said the project will meet the Washington State Sustainable Schools Protocol and part of that will include recycling some of the materials. One of the questions to ask the GC/CM is whether the project should pursue Leadership in Energy and Environmental Design (LEED) certification or should the team pursue Washington State Sustainable Schools Protocol. Mr. Brown said he serves on the Protocol Update Committee and that it's possible the state's program will move to something similar as LEED. For school districts, it likely will become an either/or choice. The district has a record and the first Gold certified school in the state.

Tom Peterson referred to the inference of in-house project management, an on-site manager, and the potential to hire a full-time project manager as noted in the application. He asked about the degree of project management planned for the project. Mr. Brown said the size of the project will likely include supplementing staff with a private consultant firm, such as Heery International, Inc. Heery International, Inc. did participate on the Rogers and Shadle Park projects in that capacity. The district knows of the need but at this time is waiting for the PRC's approval before making any commitments. An interview process will be required because of the size of the contract. Other companies have expressed interest in applying. Because of the size of the project, the district will need to supplement staff.

Mark Scoccolo asked about the quality control aspect and whether it will occur through the engineering firms or at the GC/CM level. Mr. Brown cited the example of the Rogers and Shadle Park projects and how the Office of Superintendent of Public Instruction (OSPI) requires a constructability review and value engineering. Hiring a general contractor during schematic design adds a perpetual constructability review and value engineering inherently through that process. Not only does the GC/CM help to choose the right materials during design and ensures quality materials, the general contractor has much more experience generally than architects because they handle the materials. Having a contractor to help specify materials before, and ensuring they are installed correctly, is important and provides better quality control.

Mr. Scoccolo asked about the prequalification of bidders and what specific packages the project will be bidding, and what the responsible bidder criteria might be. Mr. Rohwer replied that during inflationary times, prequalification was a bit of a challenge. In terms of prequalification, the team will generally look at mechanical and electrical and might even consider drywall or structural steel. One issue of concern during

prequalification is ensuring it's a sufficient process in terms of size and that the process doesn't exclude competitive bidding from reputable firms. It can be a balancing act and a challenge. In terms of the responsible bidder issue, the RCW prescribes the requirements.

Mr. Wallace added that under the statutes, the owner must consider responsibility criteria individually on every single project. The project at this point, doesn't have a standard set of criteria, but will determine what's important for the project and why a specific contractor may need to be of a specific level. That could be argued for mechanical and electrical for most jobs because it's of such integral importance and it's an expensive portion of the project. That will be discussed further in the process. It's less to figure out on this specific project, but it could entail masonry, if masonry doesn't end being a large portion. Mr. Brown said another one that will be prequalified is asbestos abatement. The school district has worked with local trade groups in Spokane to develop a standard based on violation history. Safety is an important aspect for the school district. The school district believes qualified people need to be hired to remove hazardous materials. The school district has a system enabling an instant check with different agencies in the Spokane area to determine the violation history of specific companies. The district includes a standard in its specifications that qualifies a bidder to enable submission of a bid. The school district wants to ensure that companies are not hired that are constant violators and shouldn't be on the site removing asbestos.

Don Gilmore asked about staff handling projects concurrently, how the project will be integrated with other responsibilities, and how it will impact the management structure in terms of decision-making. Mr. Brown said his role is the Capital Projects Director. He is not a facilities director nor does he have responsibilities in operations or maintenance. His main role is construction and planning for the school district. Approximately 80% of his time is spent on larger projects. Another staff team handles the smaller projects. He is the "go to guy" in the district for bond projects. He said he likes to be involved in those types of projects. Many people that have been hired for the district are experts in the area of construction to be on site and to handle issues that may need to be immediately addressed. Currently, the school district has eight major projects within the bond issue. The district is allocating the projects over a six-year period. While Ferris High School is under design, one other elementary school project will be under design and will bid at approximately the same time as the Ferris High School project. While those projects are under construction, the district will have another elementary school under design. The goal is not having more than two major projects under construction at the same time. The Ferris project is anticipated to be a two-year construction project.

Mr. Gilmore referred to the school population of 1,600 students and asked how the team will work with the GC/CM on providing housing, moving students, and contending with either increases or decreases in enrollment during the two-year period. Mr. Brown said at the Shadle High School project because of the site setup, it was an intrusive remodel; the team provided 24 portable classrooms and placed them on an adjacent park. The students used those rooms while construction was underway. The same sort of situation will likely occur at Ferris High School. However, the Ferris High School campus is larger and it will likely include demolishing a building and relocating students while the new building is under construction. After that phase is completed, students can be relocated from another part of the campus into the new phase followed by demolishing another section and proceeding. The project will likely involve three major phases, similar to the Rogers project. When the Ferris gymnasium project was completed it was a DBB delivery method. The team ran into some weather and phasing issues. The only alternative in that situation was granting the contractor more time. The team found that when giving a contractor several weeks to develop a bid package, they are not as familiar with the project as a GC/CM method. Much of those phasing issues and unknowns associated with project conditions are usually resolved during design.

Keith Schreiber commented that as he understand the phasing aspect of the project, the gymnasium and physical fitness area is built and will be used continuously throughout the operation of the construction and out of the 11

buildings, students may inhabit one building that may occupy part of a new building that's been completed. Mr. Brown described the anticipated sequencing of demolition, relocation of programs, and construction of new buildings.

Rick Benner commented that no project process is perfect. He referred to previous GC/CM projects and asked what's been modified or changed in the approach to this particular project. Mr. Rohwer said the first action will involve the restructuring of the incentive program. The team believes that preconstruction is at the point where GC/CM will be maximized. One of the key issues in preconstruction services is ensuring it is very well defined, defining the expectations of all parties, and how the team works together on collaborative design. It's important to have a discussion on the expectations and concerns so that everyone understands.

Mr. Brown said when the team underwent the piloting process under the old method through obtaining approval from the OSPI panel, the charge then was to secure contractors that were not involved in the GC/CM project delivery method. Now, the process has reversed with the requirement of having GC/CM experience, which will be a beneficial change. On the Rogers project, one aspect of the project not examined sufficiently was parking. Student parking became an issue with many neighbors complaining because students began parking in adjacent neighborhoods because the existing parking areas were used for construction staging. That was problematic. Now, the school has plenty of parking. That aspect of the project should have been considered in more detail. An alternative would have involved using an athletic field for temporary parking instead of having students park in neighborhoods. That issue was corrected during the Shadle High School project.

Mr. Peterson said one of the questions on the application concerns the budget and whether state matching funds are part of the budget. The application indicates that the project budget is not within the state matching funds. He asked for clarification of that detail. Mr. Brown responded that when the state application process is pursued for state grants for construction projects, the district can indicate when it applies whether the school is going to front fund the project or whether the project is dependent upon the match funds to complete the project. Because this project is one of the first projects implemented under the bond issue, the school district is able to front fund the project. The school district is not dependent upon state matching funds to complete the Ferris High School project. Eventually, the school district will seek to receive the state match funds and if the school district does front fund the project, the state will likely provide the state match at the end of the project enabling the school district to use the funds for other projects at the end of the bond cycle. Approximately \$25 million of the bond is for technology replacement. State match funds could be used to replace computers and add technology infrastructure to the district.

Tom Balbo said one of the key elements of the GC/CM delivery method is the ability of the owner to respond expeditiously to issues. He asks about the authority of the full-time project manager and whether that would involve signature authority or whether the project manager has to seek permission from another authority to make a decision. Mr. Brown said the school district utilizes a web-based project management system enabling an instant review by the team of an RFI or a cost submittal by the contractor seeking approval. The team can instantly review the requests on the web, which reduces the need to pass paper by mail. If it's a major issue, the team will want to meet to approve the request. However, for day-to-day issues, such as responding to RFIs, it can be coordinated through the web-based management system. On the Rogers project, the district had an on-site person who reviewed all cost issues and forwarded recommendations to him by email. It was a fairly quick process. Mr. Brown said his signature authority is approximately \$50,000 to approve change orders. Above that, the Assistant Superintendent of the school district must approve the change. However, when the project is awarded, the School Board gives authority to spend up to the limits of the CM contingency and the owners' contingency, involving an 8% to 10% contingency for change orders. Usually, it is a quick turnaround in having requests approved.

Chair Lowell pointed out that it's not the committee's role to dictate how the team runs its project other than what's covered in the RCW. But there are some things that can lead to problems, such as asbestos removal and prequalifying. He said he presumes it would be contracted directly by the school district outside of the GC/CM process. Mr. Brown said the school district has utilized the GC/CM process for contracting for asbestos removal. Chair Lowell asked if the team believes it is covered in terms of liability and that the GC/CM has the necessary resources, capabilities, bonding capacity, and insurance to cover asbestos removal. Mr. Brown indicated that the GC/CM's subcontractor performs the work and is qualified to do the work.

Chair Lowell asked about project contingency management. The estimated project cost according to the budget outline indicates \$77 million for estimated project construction costs. He asked about the 5% project contingency that is stipulated by the RCW. Mr. Brown said the contingency is included in the estimate. The actual value of the MACC will be approximately \$64.5 million if the project is bid today. The \$77 million figure includes project contingencies of CM contingency, owners contingency, and buyout contingency. The project contingency is approximately 10%.

Chair Lowell said the application information refers to the administration of the contingency and that the MACC will include a buyout contingency for subcontractors work as a contractor's contingency to cover their risks under the agreement with the district. He asked whether the statement means that the potential buyout contingency, which is unknown at the time of the setting of the MACC or anytime during preconstruction, that the only contingency available to the GC/CM would be from buyout savings. Mr. Rohwer advised that the buyout contingency is known and it is stipulated and everybody understands the percentage of the buyout contingency. A second contingency the GC/CM has is the CM contingency that is at the GC/CM's disposal to use as well. The buyout contingency has some stipulations attached. However, the CM contingency is the contractor's to administer and use over the course of construction. They are two different contingencies.

Paul Berry asked whether unused contingencies return to the owner. Mr. Rohwer explained that if the project uses part of the buyout contingency, the remaining is transferred to the CM contingency. If the project is under the MACC and savings are achieved, those savings are to the owner. The whole buyout contingency, in the past, has gone to the GC/CM contingency.

Mr. Wallace added that the statute has clarified how the contingencies are set up. There are multiple ways to set up contingencies and there is no one specific way to set up the contingencies. However, the team is learning some of the better ways to set up the contingencies. Chair Lowell said he doesn't believe the intent of the RCW is to allow a buyout contingency to be utilized for savings participation. Chair Lowell commented that presumably, the GC/CM is going to prepare bid package estimates for each of the proposed bid packages, which will add up to a specific amount prior to releasing bids. He asked whether the MACC when constructed at that point will comprise for that portion plus some percentage for buyout savings. Mr. Rohwer said the district will use the buyout contingency upfront. It is above and beyond the bid packages.

Panel members offered the following feedback concerning the proposed GC/CM application:

- Support approval of the application as the project is clearly designed for the GC/CM delivery method in many respects. The participation of the general contractor in all phases of design will be highly critical to the success of the project as well as the economic benefits gained. The team has qualified management overseeing the project. It's important for the team to look at recent changes for responsibility criterion and that there are some things the team can do to receive better clarity by the team as to the opportunities and what the procedures are for prequalification versus utilization of responsibility in order to assure the quality of the project's subcontractors. It's important for the team to carefully think through and ensure that there is both clarity of the intent and to the procedures for incentives and how the incentive structure works for all

parties, not just for the GC/CM, but for the design team and the owner. The project is an integrated version of project deliverables and the key is having a clear understanding of intent and procedure for those incentives so everyone knows what the outcome is to be achieved.

- Support the project as a GC/CM project given the relocation of the students, project phases, and the experience the team has achieved on two previous projects. The project is well-suited for the GC/CM delivery methods. The team needs to consider how to structure decision-making and its management activity, as it appears there will be a construction manager involved in the process. It appears that the district is embarking on more construction projects in the future than the district has completed in the past. Some thought may want to be given to some authority limits and who's responsible. It may be that some of the authority may need to be a lower level in terms of approval.
- Appreciate honesty about the parking issue with a previous project. The impact was on students, but it was also on local voters, who ultimately approve school bonds. The acknowledgement that the team learned something from the experience will enhance its influence within the community.
- The initial proposal caused some initial drawback regarding the reason for proposing a GC/CM to help mitigate some unqualified firms. However, based on the record of no claims, the district appears to be doing something right.

Keith Schreiber moved, seconded by Tom Peterson, to approve Spokane Public Schools application for GC/CM for Ferris High School Improvements. Motion carried unanimously.

Chair Lovell recessed the meeting from 11:08 a.m. to 11:18 a.m.

Other Business

Chair Lovell reviewed a future meeting schedule for 2010. The next meeting is scheduled on January 28, 2010. It won't be known whether the committee receives any applications until early January. The meeting schedule proposed for 2010 includes:

- March 25, 2010
- May 27, 2010
- July 23, 2010
- September 23, 2010
- December 2, 2010

Chair Lovell reported that at the last CPARB meeting, members discussed one of the new provisions of 2007 statute changes involving two pilot projects for Design Build Operate Maintain (DBOM). He said he's unsure of which agency is involved, but the CPARB is anticipating two pilot projects to come forward and there are some criteria in the RCW for the projects. The only restriction is that the operations component of the project must be at least three years. The issue was having a member of the CPARB brief PRC on more details of the provision and how the Board anticipates the process to move forward. Chair Lovell said he recommended several options of delaying a briefing until the full PRC meets or waiting until the DBOM projects are presented with the PRC reviewing the process prior to receiving the project application.

Mr. Berry suggested that given the importance of the projects and the lack of background experience, the full committee should review the application rather than a panel. Chair Lovell said he tends to agree at this point because the marketplace is not that familiar with the process. Mr. Berry added that the City of Seattle has completed several DBOM projects, which is where it's being initiated. The City used the process for several treatment plants and was challenged by various authorities about whether the process was legal, which led to the change in the law. The process generally applies to water and sewer treatment plants as opposed to an office

building. Chair Lovell said it appears to tie in with sustainability and cost management. Those management issues quite often lead to maintenance and operations issues. Mr. Benner said there were concerns on the DBB component of stripping the costs the frontend and letting the operations side assume the costs later. That was partly part of the DBB issue.

Mr. Berry said his concern given the lack of information is to ensure the entire committee is involved. Chair Lovell confirmed he will relay that information to Nancy Deakins.

Chair Lovell said the criteria for DBOM is included in the statute and includes provisions for an honorarium, etc.

Mr. Scoccolo asked whether the PRC will become more involved in DBOM projects. Chair Lovell said it's another aspect that was discussed. One of the reasons for addressing it is because it's not either CPARB or PRC's responsibility to advertise to the marketplace. However, if members become aware of a DBOM proposal, it will be important to convey information that there are provisions in state law that will allow for that type of project to proceed. Currently, it is first-come, first-serve for the first two projects that qualify. If and when one of the projects is received, the PRC will be briefed by the CPARB prior to the review so that expectations are defined.

Mr. Kemble questioned whether the decision will be determined by a simple majority of the PRC. Chair Lovell said he believes that for certification, a super majority is needed.

Mr. Benner asked whether GA should include any information on the website on DBOM criteria or an application form. Chair Lovell said he's unsure of what documents have been developed.

Members discussed revising the application form, adding additional questions, or modifying the DBB form by adding a supplement to the form. It was suggested the application should be emailed to members so each member can provide feedback.

Mr. Peterson asked whether the PRC agreed to call a meeting if an application is received prior to the next scheduled meeting. Chair Lovell affirmed that a panel would be called to consider an application.

Robyn Hofstad advised that most people are adhering to the schedule posted on the website.

Mr. Benner asked whether the CPARB is checking on the success of the process. Chair Lovell said there is a subcommittee of the CPARB working on the reporting aspect. The reporting process is available for input on the website. The next GC/CM training seminar is sponsored by Associated General Contractors (AGC) and the University of Washington on January 28 and 29, 2010 at the AGC. Part of the format has been changed based on the feedback from last year's seminar. Virtually, every person who attended provided some comments and suggestions. That information resulted in some major changes to the format of the seminar to help facilitate discussion and feedback. There will be a live online session to help attendees submit feedback on projects.

Mr. Gilmore asked whether the CPARB is sending out reminders for completion of evaluations. There have been a number of projects that he's been involved with but doesn't remember receiving any notice. Ms. Hofstad said the department does not send out reminders. Chair Lovell reminded members that it's not CPARB's responsibility to remind owners to submit evaluations. Ms. Hofstad described the process and the contact for submitting the information. However, submitting the information may cause some problems because after 30 days, the application locks requiring the user to contact the department to unlock the application.

Mr. Gilmore said he's aware of 10 project completions, but is unaware of any evaluations turned in.

Mr. Berry said when the PRC approves a project, a notice along with the certification is sent to the owner.

Members suggested including a proviso in the letter to remind owners of the RCW requirement to enter evaluations.

Members discussed the importance of receiving the information because of the requirements of the RCW. The concern is that there isn't a good understanding that 95% of the projects that were approved were successful and proved to be valuable. That information needs to be conveyed. Mr. Kemble said it would be important to find another way to take the reports and create another report matrix to track progress.

Ms. Hofstad and members discussed sending an email to GA waiving some member expenses. The CPARB is asking members to notify the department about their individual intent in terms of waiving travel expenses in light of the limited budget. There is however, no requirement to waive travel expenses incurred.

Mr. Peterson asked about the public comment portion of the application review process. Ms. Hofstad said the intent is to enable public comments. However, the project applicants are not obligated to provide answers. The intent of the process is that PRC panel members should be asking the questions. It was suggested clarifying in the material that public comments should not involve questions, but comments only. It was noted that during a prior panel, several members who were not on the panel asked questions. That could be a confusing scenario for project applicants.

Mr. Berry said the intent of the public comment element is because it's required. The PRC is substituting for a previous hearing process that the owner had to undertake and where they were required to notice a public hearing. The theory was that the subcontracting and the contracting community wanted to be in a position to object if they felt it was an inappropriate project and to make a case on that position. It was really to give the public the opportunity if they believed it was an inappropriate project, and not necessarily ask questions.

Mr. Berry reported Construction Management Association of America (CMAA) is also conducting an all-day seminar on capital alternative projects delivery methods on February 26, 2010.

Adjournment

With there being no further business, Chair Lovell adjourned the meeting at 11:42 a.m.